

FISCAL NOTE

Bill #: HB0456

Title: Charter schools and charter school districts

Primary Sponsor: Koopman, R

Status: As Introduced

Sponsor signature

Date

David Ewer, Budget Director

Date

Fiscal Summary

	<u>FY 2006 Difference</u>	<u>FY 2007 Difference</u>
Expenditures:		
General Fund	\$0	\$0
Revenue:		
General Fund	\$0	\$0
Net Impact on General Fund Balance:	\$0	\$0

- | | |
|---|--|
| <input checked="" type="checkbox"/> Significant Local Gov. Impact | <input checked="" type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts |
| <input type="checkbox"/> Dedicated Revenue Form Attached | <input type="checkbox"/> Needs to be included in HB 2 |

Fiscal Analysis

ASSUMPTIONS:

1. The Board of Public Education must develop rules during the six months following effective date of July 1, 2005. The soonest any charter school would open would be school year 2006-07.
2. A board of trustees is required for each charter school district. If the charter school is sponsored by a public school district, the board of trustees for the public school district and the charter school district may be one and the same. If the charter school is NOT sponsored by a public school district, the charter school board of trustees consists of five members elected as provided in the district's charter.
3. Charter schools must have "sponsors" which are defined as:
 - a. A school within an elementary or high school district;
 - b. An elementary or high school district;
 - c. A unit of the university system;
 - d. A community College district;
 - e. The governing body of a local government; or
 - f. The term does not include the board of public education or the office of public education.
4. Duties of the sponsor include granting or denying the application within 90 days. The sponsor may approve the charter if the sponsor determines that the applicant is sufficiently qualified to operate a charter school district, but does not give criteria for these qualifications.

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5. Charters may not charge tuition and approval of an attendance agreement that allows a child to enroll in and attend a charter school is mandatory.
6. Section 10 includes new duties for the Board of Public Education to develop rules to facilitate and not impair the establishment and operation of charter schools or charter school districts, governing application procedures, securing equitable enforcement of charters, and applying for appeals from revocation of charters.
7. Under HB 456, charter schools are entitled to 95% of the pro rata share of the resident district's per-student entitlement. This is assumed to mean that the charter is entitled to an amount equal to the resident district's total per-student entitlement, divided by the number of students in the resident district. The bill does not establish a responsibility to pay on the part of a resident district and does not extend the state funding to include students who are enrolled in charter schools. ***For that reason, this fiscal note assumes no state funding is required to be paid to the resident district or charter school.***
8. Charter schools would be exempt from Title 20 laws, including accreditation standards, fiscal and reporting requirements, accounting, tenure, records retention, immunization, membership in special education or other education cooperatives, pupil transportation, etc.

EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

Sponsors, who may be school districts, universities, or other governmental units, will have to establish a funding mechanism in order to support a charter school they have approved. School districts would have to use sources other than state money and general fund budget, which are not made available under current law or HB 456 for students who are not enrolled in their schools.

Some school districts may experience falling enrollments if their students enroll in a charter school.

LONG-RANGE IMPACTS:

Unknown

TECHNICAL NOTES:

1. The sponsor is assumed to provide funding for the district. However, a school within an elementary or high school district has neither the legal authority to commit resources nor the legal authority to contract as a sponsor, since that authority is held by school boards of school districts, not schools themselves.
2. Funding of the charter school is not clear. Current law does not allow a resident district to receive funding or budget to include students who do not attend the schools of the district. HB 456 does not allow the resident district to claim funding from the state nor does it require payments from the resident district or state to charter schools.
3. If it were to require payment of 95% of the per-student entitlements to a charter school, a district budgeting at BASE (i.e., 80% of Maximum) would lack budget authority and funds to afford a 95% payment.
4. HB 456 amends tuition report and payment provisions (20-5-324, MCA) to include the provision that the section does not apply to "a charter school district...". However, HB 456 refers to charter "schools."
5. HB 456 defines "Charter school" as a public school established within a charter school district or within an existing school district. There is no geographic part of Montana that is NOT part of an existing school district. Section 6 states that the charter for a charter school district must contain (e) the geographic boundaries of the proposed charter school district, which may include all or any specified part of the state of Montana. The territory of a public school district will not change with this bill, and the geographic boundary set for the charter school district would have no impact except if the charter school used it to accept or deny admission.

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6. It is not clear who would be allowed to vote in the election of a charter school board's members and what length of term the members will serve. As a "public school," the election should provide the right for public participation through elections.
7. Section 6 states that the board of public education establishes the financial reporting requirements. This is currently a duty of OPI for public school districts. Without certain financial information from all public schools, OPI would not be able to meet certain Federal reporting requirements.
8. The board of trustees for a charter school district is allocated to the board of public education for administrative purposes only as provided in 2-15-121. Therefore, the rules of the BPE regarding standards and assessments would not apply to the charter school and the charter school can determine its own standards and assessment systems. Since the NCLB requires one set of academic standards and a single assessment system, it would appear that neither the state nor the charter schools could receive NCLB funds.
9. Section 15 amends the definitions of BASE and total per-ANB entitlement to exempt charter schools or districts. These changes have no apparent impact, so it is not clear what was intended by the exemption.